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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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FORM 10-Q

(X) Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended March 31, 1992, or

( ) Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission file number _____

Serving Software, Inc.
(Exact name of registrant as specified in its charter)

MINNESOTA (State or other jurisdiction of incorporation or organization)	41-1481121 (I.R.S. Employer Identification Number)
215 Riverplace Center 65 Main Street S.E. Minneapolis, Minnesota (Address of principal executive offices)	55414 (Zip code)

Registrant's telephone number, including area code (612) 623-4038

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter periods that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes * No _____

* Registrant has been subject to such filing requirements since March 18, 1992, the date its registration statement on Form S-18 became effective.

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

The number of shares of common stock, par value $.01 per share, outstanding on April 30, 1992 was 4,673,183.

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SERVING SOFTWARE, INC.

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SERVING SOFTWARE, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended March 31,	
	1992	1991
Revenue	$2,583,037	$1,235,059
Cost of revenue	$616,648	$377,738
Gross profit	$1,966,389	$857,321
Software research	$119,687	$114,541
Selling, general & administrative expenses	$1,686,435	$843,251
Interest expense	$22,161	$6,439
Income (loss) from operations before income taxes	$138,106	($106,910)
Income tax expense (benefit)	$55,242	($53,455)
Net Income (loss)	$82,864	($53,455)
Net Income (loss) per share	$0.02	($0.02)
Weighted Average Common Shares	3,682,508	3,382,929

See Notes to Consolidated Financial Statements.

SERVING SOFTWARE, INC.
CONSOLIDATED BALANCE SHEETS

	March 31, 1992	December 31, 1991
	(Unaudited)	
Current Assets:		
Cash	$3,125,370	$70,502
Trade accounts receivable, net	$3,762,300	$3,325,864
Inventory	$170,395	$64,935
Other current assets	$62,188	$54,095
Total current assets	$7,120,253	$3,515,396
Goodwill, net	$750,777	$777,548
Office equipment, net	$818,503	$366,251
Software development costs & intangible assets, net	$1,329,271	$346,421
Other assets	$81,984	$78,705
Total Assets	$10,100,788	$5,084,321
Current Liabilities:		
Notes payable to bank	$0	$295,000
Notes payable - CAMS acquisition	$800,000	$0
Customer deposits	$631,751	$638,337
Accounts payable	$793,713	$390,396
Accrued expenses	$778,833	$634,878
Deferred revenue	$1,103,055	$925,055
Current portion of long-term liabilities	$65,495	$0
Income taxes payable	$56,728	$98,198
Total current liabilities	$4,229,575	$2,981,864
Long-term liabilities	$76,816	$0
Deferred income taxes	$26,000	$10,000
Stockholders' equity:		
Common stock	$45,007	$34,177
Additional paid-in capital	$5,586,592	$2,004,346
Retained earnings	$136,798	$53,934
Total stockholders' equity	$5,768,397	$2,092,457
Total liabilities and stockholders' equity	$10,100,788	$5,084,321

See Notes to Consolidated Financial Statements.

SERVING SOFTWARE, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended March 31,	
	1992	1991
	(Unaudited)	
OPERATING ACTIVITIES		
Net Income (loss)	$82,864	($53,455)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	$155,538	$63,771
Deferred income taxes	$16,000	$0
Stock issued for services	$33,340	$0
Change in operating assets and liabilities:		
(Increase) decrease in:		
Trade Accounts Receivable	($344,070)	$126,186
Inventory	($105,460)	($48,488)
Other current assets	($8,093)	$2,102
Other assets	($3,279)	($65,955)
Increase (decrease) in:		
Customer deposits	($6,586)	$40,940
Accounts payable and accrued expenses	$547,272	($100,467)
Deferred revenue	$178,000	($34,413)
Income taxes payable	($41,470)	($14,000)
Net cash provided by (used in) operating activities	$504,056	($83,779)
INVESTING ACTIVITIES		
Capital expenditures		
Cost of capitalized software	($45,407)	($35,373)
Acquisition of CAMS assets	($44,123)	($38,289)
	($572,451)	$0
Net cash used in investing activities	($661,981)	($73,662)
FINANCING ACTIVITIES		
Net (payments) borrowings under short-term agreements	($295,000)	$185,000
Principal payments under long-term debt	($11,942)	($11,045)
Proceeds from exercise of stock options	$2,500	$0
Proceeds from sale of stock	$3,517,235	$0
Net cash provided by financing activities	$3,212,793	$173,955
Net increase in cash	$3,054,868	$16,514
Cash at beginning of period	$70,502	$100,548
Cash at end of period	$3,125,370	$117,062

See Notes to Consolidated Financial Statements.

SERVING SOFTWARE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note A - The accompanying unaudited Consolidated Financial Statements have been prepared in accordance with the instructions to Form 10-Q and, therefore, do not include all the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations and cash flows for all periods presented have been made. The results of operations for the period ended March 31, 1992, are not necessarily indicative of the operating results that may be expected for the entire year ending December 31, 1992.

Note B - Primary earnings per share for the respective operating periods are computed based on average shares outstanding and common stock equivalents, which include stock options and the Underwriters' overallotment option and warrants.

Note C - The Company has 12,000,000 shares of capital stock, par value $.01 per share, of which 10,000,000 shares are common stock and 2,000,000 are undesignated shares.

Note D - Share and per share data and common stock and additional paid-in capital have been adjusted retroactively to reflect the effect of a 3-for-1 stock split effective March 9, 1992.

Note E - Effective January 1, 1992, the Company acquired certain assets from CAMS, Incorporated ("CAMS") for $500,000 cash and an $800,000 promissory note. CAMS has been in the business of developing and licensing proprietary computer-based asset management systems for hospital applications. The promissory note was paid in full on April 24, 1992.

Note F - On March 25, 1992, the Company completed its initial public offering for the sale of 1,025,000 new shares at $4.00 per share. On April 21, 1992, the Underwriters' overallotment option was exercised for an additional 172,500 shares at $4.00 per share.

ITEM 2.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

For the quarter ended March 31, 1992, compared to the same quarter in the prior year, revenues increased 109%, net income was $82,864 compared to a net loss of $53,455 and earnings per share was $.02 compared to a loss per share of $.02.

The following table sets forth, for the periods indicated, certain items in the Company's consolidated statements of operations as a percentage of total revenue.

	Quarter Ended March 31,	
	1992	1991
Cost of revenue	24%	31%
Gross profit	76%	69%
Software research	5%	9%
Selling, general and administrative	65%	68%
Interest	1%	1%
Income (loss) from operations	5%	(9%)
Income tax expense (benefit)	2%	(4%)
Net income (loss)	3%	(5%)

Operations

Revenues for the quarter ended March 31, 1992, increased $1,347,979 or 109% from the quarter ended March 31, 1991. Much of the increase resulted from sales of CAMS systems and services totaling approximately $950,000 which included the signing of a significant software license agreement with a large multi-hospital organization. The Company acquired the CAMS systems, which utilize handheld computer and bar code reader technology for asset management in hospitals, from CAMS, Incorporated ("CAMS") in January 1992. The acquisition was accounted for as a purchase and therefore, the comparable quarter for 1991 does not include CAMS results of operations.

Revenues for the quarter ended March 31, 1992, without CAMS sales and services, increased $398,280 or 32% from the comparable quarter in 1991. Support and maintenance revenues increased $165,461 or 42%, software and implementation revenues increased $191,221 or 31% and hardware revenues increased $18,424 or 8% when compared to the same quarter in the prior year.

Support and maintenance revenues for the quarter ended March 31, 1992, without CAMS sales and services, calculated as a percentage of total revenue increased from 32% to 35% compared to the same quarter in the prior year. Management believes that the increase in support and maintenance as a percentage of the Company's total revenue this quarter as compared to the comparable quarter last year reflects a trend resulting from the growing size of the Company's client base as software systems are installed and ongoing support is required.

Cost of revenue increased $238,910 in the quarter ended March 31, 1992, from the comparable period in the prior year. Cost of revenue includes commissions on sales, cost of hardware maintenance, software development cost amortization, cost of hardware and some shipping and freight. As a percent of total revenues, however, cost of revenue decreased from 31% to 24%. Consequently the gross profit percentage increased from 69% to 76%. The primary reasons for the margin improvement result from increased CAMS revenues and support and maintenance revenues which have higher margins than the Company's other sources of revenue. Management expects that the trend will continue as the installed customer base continues to grow, together with the change in the sales personnel compensation plan. The compensation plan was changed to include a base salary plus commissions rather than a commission only basis.

Selling, general and administrative expense ("S,G&A") increased $843,184 or 100% in the quarter ended March 31, 1992, to $1,686,435 from $843,251. As a percent of total sales, however, S,G&A decreased from 68% to 65%. The increase was attributable primarily to increased costs associated with the growth of the Company, including costs associated with the CAMS division and increases in the number of personnel required for increased client service, sales, marketing and administrative functions. Future quarters are expected to have increased S,G&A expenses as the Company establishes and operates six regional sales offices.

For the quarter ended March 31, 1992, income from operations before income taxes was $138,106 compared with a loss from operations before income taxes of $106,910 for the same quarter in the prior year. The effective tax rate (benefit) for the quarter ended March 31, 1992, was 40% compared to 50% for the same quarter the prior year. The change in effective tax rate is a result of a change in the components of pre-tax income and the utilization of certain tax credits. The Company has not yet adopted FAS 109 but does not expect its adoption will have a material effect on its financial statements.

Net income for the quarter ended March 31, 1992, was $82,864 or $.02 per share compared with a net loss of $53,455 or $.02 per share for the same quarter in the prior year. The improvement for the quarter ended March 31, 1992, resulted from increased sales with improved gross profit margins along with reduced expenses as a percentage of total revenues as compared to the same quarter from the previous year.

Quarterly results:
The Company's business is seasonal, typically showing significant fourth quarter revenues. Approximately 40% of total revenues in 1991 and 1990 were recognized in the Company's respective fourth quarters. Management believes that this trend is likely to continue, although, to a lesser extent because of the increased level of support and maintenance revenues which are recognized on a prorata basis during the year and the addition of CAMS revenues which are less seasonal.

Liquidity and Capital Resources

The Company's liquidity improved during the first quarter of 1992. The Company successfully completed its initial public offering in March 1992 raising $3,731,000.

At March 31, 1992, current assets were $7,120,253 compared to $3,515,396 at December 31, 1991 and the Company's working capital was $2,890,678 compared to $533,532 at December 31, 1991. The increase is primarily the result of an increase in cash and accounts receivable partially offset by increases in accounts payable and accrued expenses.

In April 1992, the Company raised $627,900 from the sale of additional shares to cover the Underwriters' overallotment option and paid off the $800,000 promissory note resulting from the purchase of CAMS, Incorporated.

At March 31, 1992, the Company had $76,815 of long-term liabilities and had the ability to borrow $750,000 under a line-of-credit agreement with a bank. Management believes that its existing cash balances, funds available through its bank line-of-credit and its anticipated cash flows from operations will provide sufficient capital resources for its currently anticipated needs.

The Company's principal commitments at March 31, 1992 consist of obligations under operating leases for facilities.

The Company intends to invest its cash balances in short-term investments.

PART II. OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Security Holders

(a) The Company held its annual meeting of stockholders on March 5, 1992.

(b) Jack Anderson, Darryl Ekstrom, Roger Hackett, John Haugo, George Johnson, Michael Pentopoulos and Paul Presthus were elected as directors of the Company at the meeting.

(c) The following other matters were also voted upon at the meeting.

1. Amendment of Article VI of the Company's Articles of Incorporation to increase the number of authorized shares of Common Stock from 2,500,000 to 12,000,000 of which 10,000,000 are designated as common shares and 2,000,000 as undesignated shares. Votes for, 846,750 (pre-split); votes against, none. The matter was approved by the required vote.

2. Approval to amend the Company's 1986 Stock Option Plan to increase the number of shares authorized under the Plan from 303,000 to 503,000 (post-split), to make changes to assure compliance with Rule 16b-3 under the Securities Exchange Act of 1934 and to provide that nonqualified stock options, in addition to incentive stock options, may be granted pursuant to the Plan. Votes for, 846,750 (pre-split); votes against, none. The matter was approved by the required vote.

Item 6. Exhibits and Reports on Form 8-K

(a) There are no exhibits filed with this Form 10-Q.

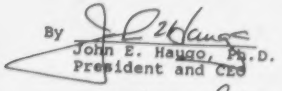
(b) There were no reports on Form 8-K filed for the three months ended March 31, 1992.

SIGNATURES

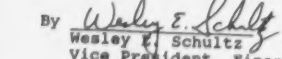
Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SERVING SOFTWARE, INC.

Dated: May 12, 1992

By 
John E. Haugo, Ph.D.
President and CEO

Dated: May 12, 1992

By 
Wesley E. Schultz
Vice President, Finance
& Administration
(Chief Financial Officer)